

## **EXHIBIT 7**

22 July 2007

# GPC Biotech

Reuters: GPCG.DE Bloomberg: GPC GY Exchange: GER Ticker: GPCG

## Decisive days ahead

**Holger Blum, DVFA**Research Analyst  
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holger.blum@db.com**Smoke or fire?**

We stick to our Buy rating despite cautionary language of the FDA briefing documents for the satraplatin ODAC panel. We still see a realistic chance for a positive vote on accelerated approval, as we remain convinced of preliminary evidence seen in the SPARC trial. Hence, we consider the worst-case of non-approval least likely. In the case of an approvable letter we would expect the launch with max 1 year delay, which makes Euro 15 an attractive entry point, in our view.

**Binary fair value range**

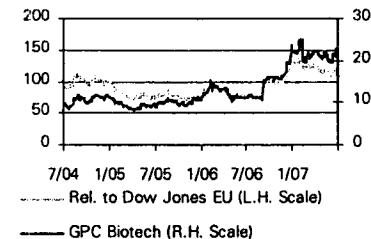
Our analysis suggests a potential fair value range for GPC might vary between Euro 5 (satraplatin never makes it to the market) or Euro 35 (satraplatin makes it to the market with survival benefit this year). However, this assessment is very subjective, as we are looking at binary outcomes for a one-product company. If investors equally weight best and worst-case scenarios the average fair value would be Euro 20. Despite the cautionary language in the FDA briefing documents we keep our positive bias and Euro 30 price target for now.

**Valuation/Risks**

Our Euro 30 price target is based on a DCF model, pegged on a terminal growth of 0% (minus 5% previously) and WACC of 10.6% (risk-free rate 4%, equity premium 6%, beta 1.1, cost of debt 7%). There is near-term downside risk to our price target if the ODAC panel does not vote in favor of approval and the FDA does not approve the drug. If the drug does not reach overall survival benefit our peak sales assumptions might prove too positive. Please refer to page 7 for more details.

Deutsche Bank **Catalyst Event****Buy**

Price at 20 Jul 2007 (EUR)	15.11
Price Target (EUR)	30.00
52-week range (EUR)	24.93 - 10.75

**Price/price relative**

Performance (%)	1m	3m	12m
Absolute	-23.9	-32.2	35.8
Dow Jones EURO STOXX Price	-1.9	0.7	-

**Stock & option liquidity data**

Market cap (EUR)m	502.6
Shares outstanding (m)	33
Free float (%)	-
Option volume (und. shrs., 1M avg.)	-

**Forecasts and risks**

Year End Dec 31	2004A	2005A	2006E	2007E	2008E
Revenue (EURm)	13	9	25	42	91
EBITDA (EURm)	-40	-68	-73	-94	-68
EBITA (EURm)	-41	-68	-73	-94	-68
PBT stated (EURm)	-40	-62	-71	-93	-68
DB EPS (EUR)	-1.60	-2.08	-2.15	-2.80	-2.04
DB EPS growth (%)	-23.6	-30.1	-3.2	-30.4	27.1
P/E (DB EPS) (x)	-	-	-	-	-
EV/EBITA (x)	-	-	-	-	-
DPS (EUR)	0.00	0.00	0.00	0.00	0.00

Source: Deutsche Bank estimates, company data

<sup>1</sup>This is the 1st footnote<sup>2</sup>This is the 2nd footnote**Deutsche Bank AG/London**

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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**DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1**

22 July 2007 Biotechnology GPC Biotech

Deutsche Bank

Model updated: 30 January 1970

**Running the Numbers****Europe****Germany****Biotechnology****GPC Biotech**

Reuters: GPCG.DE Bloomberg: GPC GY

**Buy**

Price as of 20 July EUR 22.34

Target price EUR 30.00

**Company website**

http://www.gpc-biotech.com

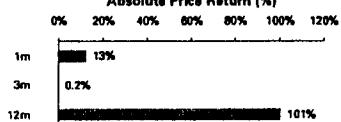
**Company description**

GPC is a biopharmaceutical company focused on oncology research. Its lead product candidate Satraplatin is an oral platinum-based compound that has shown highly statistically significant results for progression-free survival in a phase III study with 950 patients as second-line chemotherapy treatment in hormone refractory prostate cancer.

**Research Team**

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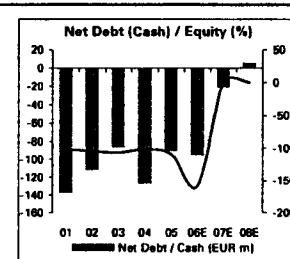
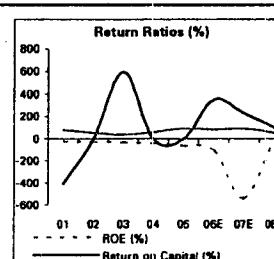
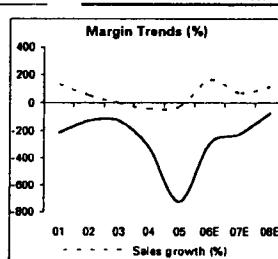
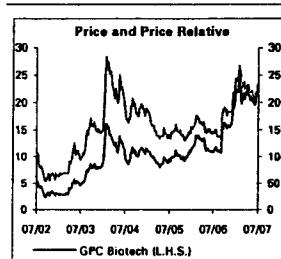
**Absolute Price Return (%)**

52-week Range: EUR 10.75 - 24.93  
Market Cap (m) EUR 743  
USD 1,017

**Company identifiers**

Cusip NA  
SEDOL 5948611

Year Ending 31 December	2001	2002	2003	2004	2005	2006E	2007E	2008E
<b>SUMMARY</b>								
DB EPS (EUR)	-1.59	-1.24	-1.29	-1.60	-2.08	-2.15	-2.80	-2.04
P/E (x)	nm	nm						
DB EPS growth (%)	28.0	22.1	-4.5	-23.6	-30.1	-3.2	-30.4	27.1
Reported EPS (EUR)	-1.59	-1.59	-1.29	-1.60	-2.08	-2.15	-2.80	-2.04
P/E (Reported) (x)	nm	nm						
CFPS (EUR)	0.13	-1.14	-1.11	-1.52	-1.43	-1.18	-2.13	-0.63
P/CFPS (x)	111.3	nm	nm	nm	nm	nm	nm	nm
Free CFPS (EUR)	-0.03	-1.22	-1.19	-1.56	-1.58	-1.24	-2.23	-0.84
DPS (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BV/Share (EUR)	7.34	5.19	3.95	5.00	2.80	1.82	-0.78	-2.60
Price/BV (x)	1.63	0.60	2.00	2.10	3.77	12.30	nm	nm
Weighted average shares (m)	18.5	20.7	20.7	25.0	29.9	33.3	33.3	33.3
Average market cap (EUR m)	264	133	112	288	291	743	743	743
Enterprise value (EUR m)	77	-54	-29	92	137	584	665	698
EV/Sales	5.57	-2.52	-1.34	7.26	14.65	23.73	15.78	7.67
EV/EBITDA	nm	nm						
EV/EBIT	nm	nm						
EV/Operating Capital	nm	nm						
<b>INCOME STATEMENT (EUR m)</b>								
Sales revenue	14	22	22	13	9	25	42	91
Operating EBITDA	-30	-28	-28	-40	-68	-73	-94	-68
Depreciation	0	0	0	0	0	0	0	0
Amortisation	5	9	2	0	0	1	0	0
EBIT	-35	-36	-29	-41	-68	-73	-94	-68
Net interest income(expense)	5	4	3	3	3	4	1	0
Associates/affiliates	0	0	0	0	0	0	0	0
Investment/other income(expense)	0	-1	0	-2	3	-2	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0	0	0
Income tax expense	0	0	0	0	0	0	0	0
Minorities/preference dividends	0	0	0	0	0	0	0	0
Net income	-29	-33	-27	-40	-62	-71	-93	-68
<b>CASH FLOW (EUR m)</b>								
Cash flow from operations	2	-24	-23	-38	-43	-39	-71	-21
Movement in net working capital	18	-6	-4	-3	0	17	5	32
Capex	-3	-2	-2	-1	-5	-2	-3	-7
Free cash flow	-1	-25	-25	-39	-47	-41	-74	-28
Other investing activities	4	-25	20	-15	5	0	6	6
Equity raised(bought back)	36	0	0	80	11	42	0	0
Dividends paid	0	0	0	0	0	0	0	0
Net inc/(dec) in borrowings	0	0	0	0	1	0	0	0
Other financing cash flows	-4	-1	0	-1	1	2	0	0
Total cash flows from financing	32	0	0	80	12	44	0	0
Net cash flow	36	-51	-5	24	-29	3	-68	-22
Movement in net debt(cash)	-36	51	5	-24	29	-3	68	22
<b>BALANCE SHEET (EUR m)</b>								
Cash and other liquid assets	140	115	89	129	94	98	24	-4
Tangible fixed assets	5	5	3	3	4	3	3	4
Goodwill	8	0	0	0	0	0	0	0
Other intangible assets	5	3	1	1	1	0	0	0
Associates/investments	49	75	54	69	63	63	57	51
Other assets	9	10	9	9	40	9	10	12
Total assets	217	207	156	211	202	173	93	64
Interest bearing debt	3	3	2	2	2	2	2	2
Other liabilities	29	22	17	15	53	46	58	95
Total liabilities	32	25	20	17	56	48	61	97
Shareholders' equity	136	107	82	125	84	60	-26	-86
Minorities	0	0	0	0	0	0	0	0
Total shareholders' equity	136	107	82	125	84	60	-26	-86
Net working capital	-14	-9	-8	-6	0	-26	-31	-46
Net debt(cash)	-138	-112	-87	-127	-91	-96	-21	6
Capital	-2	-5	-5	-2	-8	-35	-47	-80
<b>RATIO ANALYSIS</b>								
Sales growth (%)	134.0	54.9	0.4	-41.4	-26.2	163.7	71.1	116.2
EBITDA Margin (%)	-214.9	-128.9	-128.2	-320.0	-723.9	-295.1	-222.3	-74.6
EBIT Margin (%)	-248.7	-169.2	-136.5	-323.3	-728.3	-297.5	-223.4	-74.6
Payout ratio (%)	nm	nm						
ROE (%)	-22.6	-27.1	-28.4	-38.6	-59.7	-99.3	-540.4	nm
Return on Capital (%)	-407.5	nm	594.7	nm	nm	351.9	228.2	106.6
Operating Return on Capital (%)	80.7	55.8	42.4	62.6	95.7	86.7	93.1	57.7
Capex/sales (%)	21.5	7.6	7.7	8.5	48.7	8.0	7.8	7.6
Capex/depreciation (x)	0.6	1.2	0.9	2.6	10.9	3.3	6.9	na
Net debt/equity (%)	-101.3	-104.6	-106.1	-101.7	-109.3	-158.2	nm	nm
Net interest cover (x)	nm	nm						



Source: Company data, Deutsche Bank estimates

# Good enough for accelerated approval?

**How meaningful are methodological issues?** The main issues in the FDA briefing documents is that PFS (progression-free survival) alone as primary endpoint is not sufficient for accelerated approval due to methodological considerations. Hence, it remains open whether overall survival data (available in Q4.07E) to gain full approval. As satraplatin has shown convincing statistical benefit in PFS with good tolerability profile it might be seen unethical to restrain patient access to the only potential treatment option at their progressed disease stage.

**SPA granted:** According to GPC filings there were FDA meetings in Oct-02 and July-03, which resulted in a Special Protocol Assessment (SPA). The FDA agreed to consider early analysis of the SPARC trial for consideration of accelerated approval based on the protocol-specified final analysis of PFS, with secondary endpoints of time-to-pain progression and interim analysis of overall survival (OS). According to the company the FDA reviewers agreed in a pre-NDA meeting in June-05 with GPC's proposal to make PFS the primary endpoint for both FDA and EMEA filings.

**Unmet medical need ...:** Mitoxantrone (plus corticosteroid) gained approval on the back of a significant treatment effect on pain, but without survival advantage. The current gold standard for prostate cancer patients has gained approval in 2004 due to overall survival benefit (18.9 months versus 16.5 months), although there was no significant difference in response duration, but very severe side effects. So far no other drug (including Docetaxel/Taxotere) has shown a prolongation of progression-free survival or overall survival for HRPC patients with disease progression after first-line therapy.

**...fosters quick approval:** So, there is high unmet medical need and therefore the FDA has granted priority review in April-07. The application will be reviewed under the provisions of 21 CFR 314 Subpart H, for accelerated approval. See <http://www.fda.gov/cder/rmtn/accappr1.htm> for more details. As required under Subpart H to make satraplatin available to patients satraplatin only has to demonstrate evidence of efficacy/safety "prior to formal demonstration of patient benefit" (overall survival) in this life-threatening disease. Note that hurdle rates for a full approval require stronger evidence, i.e. positive overall survival data (the other primary endpoint of the SPARC trial).

**Good efficacy:** Hence, a significant improvement in PFS ( $p<0.0001$ ) and time-to-pain progression ( $p<0.0001$ ) in favor of satraplatin against placebo, and a positive trend in overall survival (without statistical significance) might be good enough to be called "preliminary evidence" of satraplatin, especially severe side effects are relatively rare for satraplatin, in our view. Hence, requirements for accelerated approval should be fulfilled, in our view. Albeit not an official endpoint, but important for patients/doctors might be the fact that satraplatin has triggered a doubling of pain and PSA response rates.

**No safety concerns:** Looking at the 5 issues of the FDA safety concerns are not raised, which seems to take away a major risk factor. So the debate seems rather about trial design, i.e. whether the demonstrated benefit is meaningful to the patients. Statistically it is, but the biggest question seems whether the surrogate endpoint can be seen as valid indicator of patient benefit.

# FDA issues

## 1) PFS definition as primary endpoint

The FDA has no prior experience with PFS and will seek ODAC advice on the acceptability of this endpoint. PFS is defined as a composite endpoint, consisting of radiographic progression, symptomatic progression (pain, analgesics, ECOG performance status, weight loss etc) and skeletal events.

We are not surprised to see the FDA demanding a discussion about a new PFS endpoint. Although the composite endpoint in the SPARC trial has not been used previously in registration trials, all of the elements each have been used in previous registration studies. PFS as primary endpoint for accelerated approval should be beneficial for patients who can get access to the drug more rapidly based on preliminary evidence for ethical considerations. As it is too early to make a call on full evidence (overall survival) we don't see why patients should not get access to a drug with relatively moderate side effects. We believe that the statistical requirements are met ( $p<0.0001$ ) and that the consistency of data speaks for itself. All components of the composite endpoint yielded results in the same direction. In addition, the drug also worked for all different subsets, most importantly also for patients who had been pre-treated with Docetaxel (51%), today's first-line treatment (brand name Taxotere).

## 2) Definition of radiographic progression

The second issue is that the two independent radiology readers disagreed on the progression status in 367 of the 950 patients (39%), requiring adjudication by a third independent reader. This raises the question whether PFS could be reliably assessed in this clinical trial.

Radiographic progression based on RECIST criteria has been commonly used for the assessment of measurable disease. Different views of different doctors are not that uncommon, but percentage of initial disagreement seems high. However, it does not mean that the clear statistical outcome contains a misleading bias, in our view. Also, all other composites of PFS show similar evidence of PFS benefit anyway.

## 3) Assessment of pain progression

The FDA is raising several issues, as the FDA's standards for pain assessment have changed early 2006, when the SPARC trial had already been fully recruited. Hence, there are some technical questions, but we believe that GPC has used most up-to-date clinical trial standards. Discussions about moderate adjustments do not necessarily challenge the whole process. We don't know why the FDA/GPC have not tightened up pain definition in the past, but we can see a very robust and consistent improvements in pain scores. We guess that from a patient perspective this improvement matters. Nonetheless, we understand that the FDA wants to discuss three pain-related issues.

a) **Was blinding maintained?** Could doctors know due to side effects whether a patient is on the drug or on placebo. We are not under the impression that this argument can only be raised in the SPARC trial and see no other way around it. In addition, investors should not forget the consistency of the across all regions (170 centers in 16 countries) and the high magnitude of statistical significance, which actually suggest a real patient benefit, in our view.

b) **MPQ PPI appropriate?** The MPQ PPI (McGill Pain Questionnaire or Present Pain Intensity scale) might not be adequately validated according to the FDA. MPQ PPI was used in the

approval of mitoxantrone by measuring pain intensity, while GPC was looking for time to pain progression and average pain scores. We think that this might be a technical argument, but it's not necessarily challenging the rationale of this questionnaire, especially as it seemed the most up-to-date tool prior to new FDA guidelines in 2006.

c) **Pain management documentation:** The SPARC protocol did not specify any plan for pain management and pain progression based on increased analgesic use varied widely between countries and did not consider non-narcotic pain medicine in determining pain progression. We don't know to what extent the FDA has flagged this to GPC in the past, but given the robustness of the data we doubt that this technical perfection would have led to different results. Note that the data even suggests that the placebo group showed a stronger increase in opioid use (p. 18 of the FDA Briefing Document as of July 24, 2007).

#### **4) Not all patients received Docetaxel**

Only 51% of patients had been pre-treated with today's gold standard for prostate cancer, Sanofi's Docetaxel (docetaxel). The FDA claims that all patients should have been treated with Docetaxel before using satraplatin as second-line medication. However, when GPC initiated the trial, Docetaxel was not even approved. More importantly, satraplatin could demonstrate similar efficacy (same hazard ratio and p-value) for patients pre-treated with docetaxel or other chemotherapy. Hence, we don't consider this issue to prove a concern for the ODAC panel.

#### **5) Should the FDA wait for final survival analysis?**

This is probably the most interesting question right now. Is the data good enough to demonstrate preliminary evidence, which is needed for accelerated approval? Will overall survival show more than a positive trend?

The interim analysis of overall survival after 463 deaths does not show that satraplatin is statistically better than placebo, albeit it has shown a positive trend so far. This information was not new for the market. The final analysis of overall survival will occur after 700 deaths, which is estimated to be near the end of 2007. Satraplatin was close to showing a statistical benefit for patients who had at least 12 months follow-up by the cut-off for interim analysis in June-06, as the drug has shown a median difference of 9.7 weeks survival benefit despite being underpowered ( $p=0.083$ ;  $HR=0.81$ ; 95% CI: 0.66, 1.01).

Note that this benefit is already close to the statistical significant benefit of Docetaxel (2.4 months benefit). As satraplatin was dealing with more severe patients, who already failed chemotherapy before, such a benefit seems very encouraging. Given the high morbidity of these advanced patients (often with metastasis) even a positive trend in overall survival sounds encouraging.

We understand that the data for all patients look inferior (4 weeks benefit,  $p=0.388$ ,  $HR=0.90$ ; CI: 0.74, 1.09), but are less meaningful as the statistical analysis plan anticipates that trial participants will have a minimum of 12 months follow-up when the protocol-specified number of death events has occurred for the final analysis of overall survival. Note that Docetaxel also was not able to show overall survival benefit in its interim analysis, but succeeded at the end.

# Valuation sensitivity

## Volatility ahead

**Fair value range Euro 5-35:** Our analysis suggests a potential fair value range for GPC might vary between Euro 5 (satraplatin never makes it to the market) or Euro 35 (satraplatin makes it to the market with survival benefit this year). However, this assessment is very subjective, as we are looking at binary outcomes for a one-product company. If investors equally weight best and worst-case scenarios the average fair value would be Euro 20. Despite the cautionary language in the FDA briefing documents we keep our positive bias and Euro 30 price target for now.

## Best-case scenario

**Shares can quadruple:** The best-case scenario still seems possible despite the concerning language in the FDA briefing documents, in our view. Investors should not forget that requirements for accelerated approval are less strict than for full approval. Hence, in case of a positive ODAC panel vote in favor of accelerated approval next Tuesday we believe our current price target of Euro 30 remains valid. We see upside beyond that if the FDA finally approves the drug, overall survival data is convincing and the drug shows efficacy in other tumor types such as lung cancer later this year. Our blue-sky fair value remains Euro 57 per share, which we still see achievable over the next few years.

## Mid-case scenario

**One year delay reduces DCF value by Euro 6:** Our mid-case scenario assumes a delayed approval of satraplatin. On the basis on compelling overall survival data at year-end 2007 we would foresee final FDA approval around Q2-08, plus/minus one quarter. Our DCF analysis suggests that one year delay means Euro 6 lower value per share (around 200m cash flow missed at peak). Hence, in the case of a 1-year delay our price target would fall to Euro 24. We see a chance that the delay might be as short as 6M, which would soften the negative impact of this calculation. If there is no survival benefit at all and the drug makes it to market nonetheless, peak sales expectations might be lower as well. On the other hand satraplatin also carries substantial upside potential for other cancer types.

**Euro 15 seems too cheap:** Note that we have assumed 90% probability of success for satraplatin and would have to keep that probability unchanged to end up at Euro 24 fair value in case of delayed approval. If the FDA ODAC panel meeting was disastrous (suggesting lower approval likelihood) there would be more downside risk, but nonetheless there should be upside to Friday's closing price of Euro 15 per GPC share. Given the strong survival trend, especially for patients with 12 months follow-up, we remain confident that satraplatin will be approved – and the key question remains when (not whether).

Back in Sept-06 GPC has traded at around Euro 16-17 after the announcement of the SPARC trial. At the point in time the drug was roughly one year away from launch. Since then stock markets have rallied. Since then we have learned more about the consistency of the data (e.g. satraplatin also working in Docetaxel patients) and the compelling safety profile of the drug. Hence, if GPC only gets an approvable letter, the launch might be delayed by 6-12 months, we have lost one year waiting time in the investment case. Hence, if history repeats itself the shares should have good potential to trade > Euro 20 over the next 12M in a delay scenario.

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### Worst-case scenario

GPC has interesting preclinical activities and one antibody for lymphoma in phase I clinical trial, which is likely to move into phase II later this year. With Euro 113m net cash (Euro 3.2 per share) at the end of Q1-07 see would see fair value at Euro 5 per share without satraplatin. However, based on the data seen so far, we believe that satraplatin remains a strong value driver for GPC on its transformation to an established and profitable biotech enterprise.

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### Risks

After promising phase III data, the launch of Satraplatin seems likely in our view. However, the risks arise from the timeline, regulatory requirements, delays and unfavorable overall survival data as well as failure in combination therapy for lung cancer. There is also a risk of GPC not getting patent extension and Satraplatin generics entering the market before 2016. There is also downside risk to our forecast if the Satraplatin price is lower, market penetration is lower, or off-label use is less than currently anticipated. Other risks are associated with marketing and superior new competitors.

There is near-term downside risk to our price target, if the ODAC panel does not vote in favor of approval and the FDA does not approve the drug. If the drug does not reach overall survival benefit our peak sales assumptions might prove too positive. There is also risk that GPC's lead compound never makes it to the market. As GPC has no products on the market and needs to invest into a product pipeline, the company will burn cash in coming quarters. Hence, without drug approval the company might raise money to build the pipeline, which might dilute existing shareholders. There is also risk that key managers might leave the company in case of satraplatin failure. GPC's antibody in phase I clinical development might not be continued, if phase I data looks disappointing.

# Appendix 1

## Important Disclosures

Additional information available upon request

Disclosure checklist			
Company	Ticker	Recent price*	Disclosure
GPC Biotech	GPCG.DE	15.11 (EUR) 20 Jul 07	6,14

\*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

## Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States. See "Important Disclosures Required by Non-US Regulators" and Explanatory Notes.

6. Deutsche Bank and/or its affiliate(s) owns one percent or more of any class of common equity securities of this company calculated under computational methods required by US law.
14. Deutsche Bank and/or its affiliate(s) has received non-investment banking related compensation from this company within the past year.

## Important Disclosures Required by Non-U.S. Regulators

Please also refer to disclosures in the "Important Disclosures Required by US Regulators" and the Explanatory Notes.

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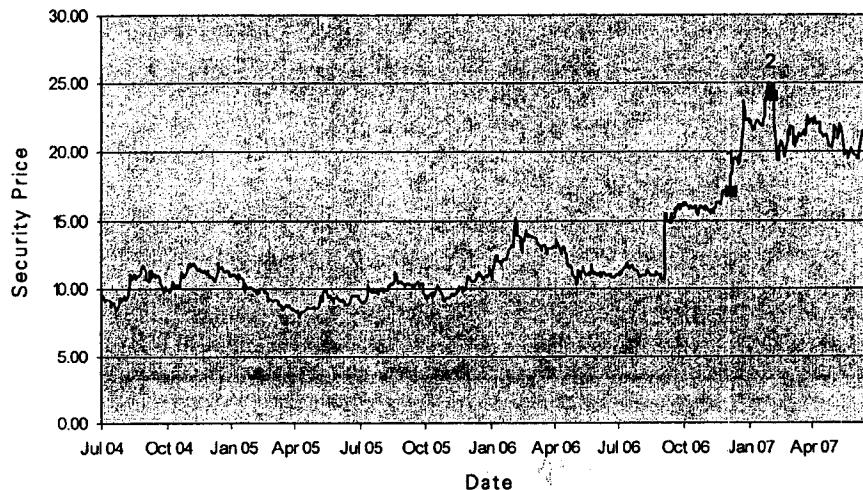
**For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com>.**

## Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Holger Blum

**Historical recommendations and target price: GPC Biotech (GPCG.DE)**

(as of 7/20/2007)

**Previous Recommendations**

Strong Buy  
Buy  
Market Perform  
Underperform  
Not Rated  
Suspended Rating

**Current Recommendations**

Buy  
Hold  
Sell  
Not Rated  
Suspended Rating

\*New Recommendation Structure  
as of September 9, 2002

1. 27/12/2006: Buy, Target Price Change EUR24.00      2. 23/2/2007: Buy, Target Price Change EUR30.00

**Equity rating key****Equity rating dispersion and banking relationships**

**Buy:** Based on a current 12- month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield ) , we recommend that investors buy the stock.

**Sell:** Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

**Hold:** We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

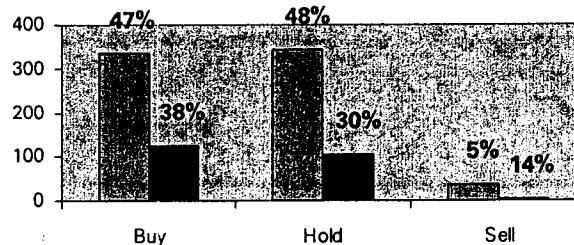
**Notes:**

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